

Message Text

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EXDIS

GENEVA FOR SAUNDERS

EO 11652: GDS

TAGS: ENRG, PFOR, EG, US, IS

SUBJECT: IMPLEMENTATION OF EGYPTIAN/ISRAELI DISENGAGEMENT AGREEMENT:
OIL FIELD TAKEOVER - EGYPTIAN PLANS

REF: A. CAIRO 8777; B. CAIRO 9123; C. CAIRO 8049

1. DR. MUSTAF AL AYUTI, DIRGEN EGPC, BRIEFED EMBOFF
SEPTEMBER 15 RE EGYPTIAN PLANS FOR TAKEOVER OF SINAI OIL FIELDS.
AYUTI HAS ASKED BOTH AMERICAN AND ITALIAN PARTNERS TO ASSIST
IN TAKING OVER OIL FIELDS FROM THE ISRAELIS ALONG LINES WITH WHICH
WE ARE FAMILIAR. FOREIGN EXPERTS WILL TAKE OVER FIELDS FROM
ISRAELIS, CONTINUE TO OPERATE THEM AND TURN THEM OVER TO
EGYPTIANS ONCE ISRAELIS HAVE WITHDRAWN.

2. AYUTI, WHO IS IN CHARGE OF THESE TAKEOVER PLANS, TOLD EMBOFF
HE SUFFERS FROM TREMENDOUS LACK OF INFORMATION REGARDING
TECHNICAL ASPECTS OF TAKEOVER. HE GAVE AS AN EXAMPLE
DIFFERING INFORMATION REGARDING PRODUCTION STATUS OF THREE
MOBIL FIELDS AROUND RAS AL-SIDR (REFTEL B). IN SOUTHERN FIELDS,
AYUTI SAID HE DOES NOT KNOW CURRENT PRODUCTION OR STORAGE
CAPACITY. IN GENEVA, ISRAELIS TOLD EGYPTIANS THAT THERE ARE
450-500 PERSONS OPERATING SOUTHERN FIELDS I.E. ALL THOSE
EXCEPT FOR THREE MOBIL FIELDS. PRESUMABLY BASED ON HIS OWN
CALCULATIONS, AYUTI ASKED ITALIANS TO PROVIDE SKELETON CREW
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OF 100 TECHNICIANS TO TAKE OVER THESE OIL FIELDS AND CONTINUE

TO OPERATE THEM. AYUTI SAID THAT ITALIANS HAD EXPLAINED THERE IS CURRENTLY A SHORTAGE OF OIL FIELD TECHNICIANS AND THAT THEY DID NOT KNOW IF THEY COULD MEET HIS REQUEST. AYUTI, HOWEVER, WAS OPTIMISTIC THAT THE ITALIANS WOULD PROVIDE TECHNICIANS. (GENERAL GAMASY HAS TOLD AMBASSADOR THAT THE ITALIANS HAVE RESPONDED THAT THEY COULD PROVIDE ONLY 20 TECHNICIANS.)

AYUTI EXPLAINED THAT CRITICAL POINT IN TAKEOVER WOULD BE AVAILABILITY OF THE FIELDS TO EGYPTIAN TECHNICIANS. REASON IS THAT TANKERS WILL BE UNABLE TO LOAD UNTIL EGYPTIAN TECHNICIANS ARE PRESENT AT THE FIELDS. THIS IS PRESUMABLY BECAUSE OF THE NUMBERS OF TECHNICIANS NEEDED. MOST CRITICAL PART OF GENEVA DISCUSSIONS, ACCORDING TO AYUTI, IS LENGTH OF TIME BETWEEN THE INITIAL TAKEOVER AND COMPLETE ISRAELI WITHDRAWAL WHICH WILL ALLOW EGYPTIANS TO RE-ENTER THE FIELDS. WHILE AYUTI DID NOT KNOW CURRENT STORAGE CAPACITY FOR SOUTHERN FIELDS, HE SAID IT IS OBVIOUS THAT, ONCE STORAGE CAPACITY HAS BEEN REACHED FIELDS WILL HAVE TO SHUT DOWN, UNLESS TANKERS CAN BE LOADED. THIS WOULD REQUIRE PRESENCE OF EGYPTIAN TECHNICIANS.

4. FURTHER COMPLICATING THIS, AND UNRELATED TO ISRAELI WITHDRAWAL, IS WHAT EGYPTIANS WILL ACTUALLY DO WITH CRUDE OIL ONCE LOADED ON TANKERS. AYUTI IS IN WHAT HE CALLS BEGINNING STAGES OF ARRANGING INTERNATIONAL SALE. ALTERNATIVELY, OIL COULD BE USED IN EGYPTIAN REFINERIES. AYUTI CONFIRMED ONLY REFINERIES IN ALEXANDRIA COULD HANDLE HIGH ASPHALT SINAI CRUDE (REFTEL C) AT THIS TIME. EGYPTIAN PROBLEMS THEREFORE NOT RESOLVED BY QUICK ISRAELI WITHDRAWAL AND AGAIN AYUTI INDICATED THAT POSSIBILITY OF SHUTDOWN HIGHLY LIKELY UNTIL DISCHARGE OF CRUDE CAN BE ARRANGED.

5. COMMENT: IT IS OUR IMPRESSION FROM DISCUSSIONS WITH AYUTI THAT EGYPTIANS ARE BASICALLY FOUNDERING WITH PROBLEM OF WHAT TO DO WITH SINAI CRUDE AND THAT POSSIBILITY OF OIL SHUTDOWN EVEN UNDER IDEAL CIRCUMSTANCES IN TERMS OF ISRAELI WITHDRAWAL IS A DISTINCT POSSIBILITY. AYUTI DID NOT REQUEST ANY US ASSISTANCE.
EILTS

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